
Report To:	Policy & Resources Committee	Date: 24 th September 2013
Report By:	Chief Financial Officer	Report No: FIN/70/13/AP/LA
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	2013/14 General Fund Revenue Budget as at 31st July 2013	

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the position of the General Fund Revenue Budget as at 31st July 2013 and to update Committee in respect of the position of the Reserves and Workstream Savings.

2.0 SUMMARY

- 2.1 The Council approved a three year Revenue Budget in February 2013 and within that a 2013/14 Revenue Budget with a budgeted contribution to the General Fund Reserve of £4.677 million.
- 2.2 It can be seen from Appendix 1 that as at the 31st July 2013 the General Fund is projecting a £48,000 underspend which represents under 0.1% of the net Revenue Budget.
- 2.3 From Appendix 1 it can be seen that 3 of the 4 Service Committees are currently projecting small underspends however Education & Communities Committee is projecting an overspend due to a shortfall in employee turnover.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves from where it can be seen that as at 31st July 2013 expenditure totalled £4.777 million which equates to 17% of the projected spend in 2013/14. It can also be seen from appendix 2 that as at the 31st July 2013 actual expenditure is 8.3% behind phased spend.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at the 31st March 2014 is £5.5 million which is £1.5 million greater than the minimum recommended balance of £4 million.
- 2.6 It was noted at the August Policy & Resources Committee that decisions in respect of the surplus General Fund Reserves balance were scheduled to be taken at the November meeting of the Policy & Resources Committee.
- 2.7 Appendix 4 and Appendix 5 give an update in respect of the Savings Workstreams. From this it can be seen that as at the 31st July 2013 48% of the projected savings in 2013/14 have already been delivered.
- 2.8 At the time of writing the report the latest information from the Scottish Government was that there would be an announcement on the 2014/15 Local Government settlement on the 11th September 2013. The impact of this information once it has been broken down on a Council by Council basis would be the subject of a further report to the Policy & Resources Committee and ultimately the full Council prior to the end of February 2014.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest position of the 2013/14 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee note the 2013/16 Workstream Savings position.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council confirmed the 2013/16 General Fund Revenue Budget in February 2013. In the process the Council agreed a 2013/14 Revenue Budget on the basis of a contribution to the General Fund Reserve of £4.677 million.

5.0 POSITION AS AT 31ST JULY 2013

- 5.1 It can be seen from Appendix 1 that as at the 31st July 2013 the General Fund is projecting an underspend of £48,000 which equates to less than 0.1% of the net General Revenue Fund Budget.

- 5.2 It can also be seen from Appendix 1 that 3 of the 4 Service Committees are currently projecting underspends whilst Education & Communities Committee is projecting an overspend of £220,000.

- 5.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – A projected increase in internal resources income due improved cashflow partially offset by a projected overspend in Non Domestic Rates Discretionary Relief.

Environment & Regeneration – Projected underspend of £151,000 mainly due to excess turnover savings and a projected underspend in vehicle fuel.

Education & Communities - £220,000 overspend – Mainly due to a shortfall in employee turnover and increased spending ASN Transport.

Health & Social Care – Underspend £77,000 – Mainly due to excess turnover savings partially offset by increase in client commitment costs.

- 5.4 Appendix 2 shows the latest position in respect of the Earmarked Reserves and also provides information on performance against phased budget. Committee are asked to note that the phased budget will not be reviewed during the year and should provide a useful benchmark for Officers and Members to monitor performance against originally envisaged targets.

- 5.5 It can be seen that as at 31st July the Council has spent £4.777million against a phased budget target of £5.21million. This represents a shortfall of 8.3% against target. Performance in respect of Earmarked Reserves is reviewed on a monthly basis by the Corporate Management Team and reported in detail to each Service Committee.

- 5.6 Appendix 3 shows the projected General Fund Reserves position as at 31st March 2014. The projected balance at this date is shown as £5.5 million which is £1.5 million greater than the minimum reserve balance of £4 million recommended and approved via the reserves strategy.

- 5.7 Proposals in respect of the use of the excess General Fund Reserves are scheduled to be considered by the November meeting of the Policy & Resources Committee. The Corporate Management Team offered in the report to the August Policy & Resources Committee to meet with any political group who would require to discuss potential uses of the Free Reserves.

6.0 WORKSTREAM SAVINGS

- 6.1 Appendix 4 gives an update from the Corporate Management Team on each of the approved Savings Workstreams.

- 6.2 Appendix 5 gives an update in respect of the achievement of Workstream Savings for 2013/14 from which it can be seen that 48% of the envisaged target of £398,000 has

been achieved to date.

7.0 OTHER FINANCIAL MATTERS

- 7.1 It is expected that the Cabinet Secretary Mr John Swinney will present the 2014/15 Scottish Government Budget on the 11th September 2013. At the same time he is expected to announce indicative figures for 2015/16. Once these figures have been announced and have been broken down into greater detail for individual Councils then a report will be brought back to Members highlighting any issues and providing advice and guidance on any action required.
- 7.2 The main outstanding issue in respect of the 2013/14 Budgets which has not been resolved is in relation to the pay award however discussions are progressing well and it is expected that an announcement in this regard will be made in the near future.

8.0 CONSULTATIONS

- 8.1 This report has been produced in consultation with the Corporate Management Team.

Policy & Resources Committee**Revenue Budget Monitoring Report****Position as at 31st July 2013**

Committee	Approved Budget 2013/2014	Revised Budget 2013/2014	Projected Out-turn 2013/2014	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	22,587	21,707	21,667	(40)	(0.18%)
Environment & Regeneration	22,733	20,870	20,719	(151)	(0.72%)
Education & Communities (Note 1)	86,405	79,946	80,166	220	0.28%
Health & Social Care	48,491	48,806	48,729	(77)	(0.16%)
Committee Sub-Total	180,216	171,329	171,281	(48)	(0.03%)
Loan Charges (Including SEMP)	13,160	16,749	16,749	0	0.00%
Unallocated Savings (Note 2)	(311)	(273)	(273)	0	0.00%
Contribution to General Fund Reserve	4,677	4,677	4,677	0	0.00%
Workstream Savings Over Achieved	0	0	0	0	0.00%
Earmarked Reserves	0	5,260	5,260	0	0.00%
Total Expenditure	197,742	197,742	197,694	(48)	(0.02%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(164,728)	(164,728)	(164,728)	0	0.00%
Council Tax	(33,014)	(33,014)	(33,014)	0	0.00%
Net Expenditure	0	0	(48)	(48)	

Note 1 - Reduction reflects SEMP earmarked reserve allocated to loans charges and earmarked reserve.

Note 2 - Relates to Procurement/Utilities Workstream Saving

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>C/f Funding</u> <u>2012/13</u> £000	<u>New</u> <u>Funding</u> <u>2013/14</u> £000	<u>Total</u> <u>Funding</u> <u>2013/14</u> £000	<u>Phased</u> <u>Budget to 31</u> <u>July 13</u> £000	<u>Actual</u> <u>Spend To 31</u> <u>July 13</u> £000	<u>Projected</u> <u>Spend</u> <u>2013/14</u> £000	<u>Earmarked</u> <u>2014/15 &</u> <u>Beyond</u> £000	<u>2013/14</u> <u>%age Spend</u>
Education & Communities	5,564	14,936	20,500	3,560	3,208	16,020	4,480	20.02%
Health & Social Care	2,047	1,210	3,257	737	665	2,185	1,072	30.43%
Regeneration & Environment	6,509	6,273	12,782	834	824	7,214	5,568	11.42%
Policy & Resources	5,825	780	6,605	79	80	2,280	4,325	3.51%
	19,945	23,199	43,144	5,210	4,777	27,699	15,445	17.25%

Actual Spend v Phased Budget

(£433k)

(8.30%)

APPENDIX 3

GENERAL FUND RESERVE POSITION
Position as at 31/07/13

	<u>£000</u>	<u>£000</u>
Projected Balance 31/03/13		14385
Projected Surplus/(Deficit) 2013/14	48	
Contribution to General Fund Reserve 2013/14	4677	
Use of Reserves approved November 2012 (See Undernote)	(3500)	
Use of Reserves approved February 2013 (See Undernote)	<u>(9992)</u>	(8767)
2014/16 Increased DHP allocation - Approved August 2013		(118)
Projected Unallocated Balance 31/03/14		<u><u>5500</u></u>

Minimum Reserve required is £4million

Use of Reserves approved November 2012

Adoption Earmarked Reserve	(300)	
2013/16 Revenue Contingency	(600)	
Contribution to 2013/16 Capital Programme	(2000)	
Increased costs Inverkip Community Facility	(250)	
Increased Officer Capacity - Corporate Projects	<u>(350)</u>	(3500)

Approved Usage:

Roads Asset Management Plan (2013/16)	(5900)	
Repopulating/Promoting Inverclyde	(1000)	
Community Facilities - Capital Investment	(750)	
Community Grants	(52)	
Play Areas/MUGA's	(300)	
Blaes Football Park Replacement	(830)	
Employment Support	(330)	
Broomhill Area	(250)	
PG Town Centre	(250)	
Creative Scotland - Match Funding	(250)	
Greenock Town Centre - Extra Police	(80)	
		<u><u>(9992)</u></u>

Workstream Updates as at: **20/08/13**

<u>Lead Officer</u>	<u>Workstream Saving</u>	<u>Update</u>	<u>Target (2013/16) £000</u>
A Gerrard	1 Utility Cost Reductions/Energy Management	Energy Group continues to meet monthly to monitor. Various proposals being taken forward to reduce consumption by (1) applied measures such as replacing light fittings with LED equivalents, introducing water saving measures and fitting water meters and (2) education of users to switch off lights and appliances when not needed and to turn heating down rather than opening windows. Approach to applying savings and timescales agreed with Finance. Further detailed report required. Phasing reviewed and £40k slipped to 2014/15.	150k To be achieved: 2013/14 60k 2014/15 90k
A Puckrin	2 SEMP Model	SEMP Model has been adjusted to reflect the £190k saving and is showing a net surplus throughout the SEMP timescale. SAVING COMPLETE	190k
A Fawcett	3 AMP	2013/14 saving to be achieved by taking £1.0million from the accumulated balance. This will be done as part of the 2012/13 year end accounts. £100k 2014/15 saving applied to the revised AMP model in the June Finance Strategy Update. Model still in surplus overall. SAVING COMPLETE	160k

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A Puckrin	4	Procurement	£11k saving achieved in disposal of ICT equipment , £38k in respect of waste disposal, £7k (over 3 years) in respect of Northgate Maintenance and £19k for mobile phone tariffs. New savings anticipated are; £10k school transport, £16k PPE, £10k for Insurance plus further waste savings.	313k To be achieved: 2013/14 87k 2014/15 73k 2015/16 78k
B Moore	5	Homecare	<p>£64k internal staff savings – impact of CM2000 with 5 posts deleted.</p> <p>£36k external from review of cases not achievable based on reviews to date, alternative being identified and likely to come from internal hours.</p> <p>£25k external from part year implementation of CM2000 external equivalent (further £75k in 2014/15). Pilot commenced August 2013 with one provider and the second being agreed.</p> <p>New project team established to improve and develop management information, which will also inform re-ablement reporting. Templates designed to capture month on month changes. Work is progressing well with initial data being reviewed and further reporting being developed.</p> <p>Monthly overview of all Homecare savings will take place and a project plan / timeline for tracking progress will be developed. Work has commenced on developing a framework agreement for providers to start April 2014, associated financial modelling is being developed.</p>	200k To be achieved: 2013/14 61k 2014/15 75k
A Puckrin	6	2015/16 Operational Saving	No action required until 2014/15	750k

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				To be achieved: 2015/16 750k
		<u>Workstreams – Target to be allocated to the following</u>		
J Mundell	7	Shared Services	Discussions ongoing with Renfrewshire and East Renfrewshire regarding Roads & ICT opportunities. Chief Executives to progress projects. Additional service areas have been identified for consideration as possibilities for shared provision between the three Councils. Options will be developed in due course.	To be achieved: 2015/16 800k
A Puckrin	8	Charging	First meeting took place 13 th June and agree how to progress 5 items of work which range from identifying increased/new charges, reviewing waiver/relief policies and improving debt collection. Work on going in reviewing processes, benchmarking, identifying new charging opportunities and waiver/reliefs practices. Next meeting due 3.9.13.	See above
A Puckrin	9	Modernisation	Opportunities to be channelled initially via the Modernisation CIG. CIG approved investment in ATLAS benefits software. Saving £15k identified from 15/16. Channel Shift group set up to identify opportunities where service could be improved and/or costs saved. Demonstration from Lagan on potential developments	See above

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I Moffat	10	Social Transport	being arranged by ICT. Officers attended Clyde Valley "Social Transport" Group on 25 th February. This was the first meeting of the group in 2 years. Meeting held between E&CS, Finance and Procurement on 17/06/13 to agree tasks required to identify a savings target by September. Costings for specific Education transport contracts are now being examined and benchmarked against the cost of in-house provision. Further meeting to be arranged to agree target saving before the end of August 2013. No further update, however officers presented to wider Transport review Group, outlining the plans to carry out an in house service review along with the progress to date by the Clyde Valley working Group.	See above
A Moore	11	Terms & Conditions	Met with the trade unions, presentation made to the CMT on strategic way forward, report presented to the CMT on 18/04/13. Options to be put to a future SLF to be arranged.	See above
A Moore	12	Sessional Budgets	Further meetings have taken place looking at systems and information. Seeing team early September to agree what savings could be achieved.	See above

Savings Workstreams - 20/08/13

Lead Officer	Savings Achieved	Target	2013/14		2014/15		2015/16		Total 2013/16		Over/(Under) Recovery
			£000	£000	£000	£000	£000	£000	£000		
	1/ Utility Cost Reductions/Energy Management	150	0		0		0		0		0
A Gerrard	2/ SEMP Model	190	0		190		0		190		0
A Puckrin	3/ AMP	160	60		100		0		160		0
A Fawcett	4/ Procurement	313	66		7		2		75		0
A Puckrin	Disposal of ICT Equipment	0	11		0		0		11		
	Waste Disposal	0	38		0		0		38		
	Northgate Systems	0	2		3		2		7		
	Vodafone	0	15		4		0		19		
	5/ Homecare	200	64		0		0		64		0
B Moore	6/ 2015/16 Operational Savings	750	0		0		0		0		0
A Puckrin											
	Workstreams - Targets to be allocated	800	0		0		0		0		0
	7/ Shared Services	0	0		0		0		0		
J Mundell	8/ Charging	0	0		0		0		0		
A Puckrin	9/ Modernisation	0	0		0		0		0		
A Puckrin	10/ Social Transport	0	0		0		0		0		
I Moffat	11/ Terms & Conditions	0	0		0		0		0		
A Moore	12/ Sessional Budgets	0	0		0		0		0		
A Moore											
Sub-Total			190		297		2		489		0

Savings Workstreams - 20/08/13

Lead Officer	Savings Planned	2013/14		2014/15		2015/16		Total 2013/16	
		£000		£000		£000		£000	
A Gerrard	1/ Utility Cost Reductions/Energy Management	60	90	0	150				
A Puckrin	2/ SEMP Model	0	0	0	0				
A Fawcett	3/ AMP	0	0	0	0				
A Puckrin	4/ Procurement	87	73	78	238				
	Insurance	5	5	0					
	PPE	12	4	0					
	SPT School Transport	7	3	0					
	Unidentified	63	61	78					
B Moore	5/ Homecare	61	75	0	136				
A Puckrin	6/ 2015/16 Operational Savings	0	0	750	750				
	<u>Workstreams - Targets to be allocated</u>								
J Mundell	7/ Shared Services	0	0	785	785				
A Puckrin	8/ Charging	0	0	0	0				
A Puckrin	9/ Modernisation	0	0	15	15				
I Moffat	10/ Social Transport	0	0	0	0				
A Moore	11/ Terms & Conditions	0	0	0	0				
A Moore	12/ Sessional Budgets	0	0	0	0				
Sub-Total		208	238	1628	2074				
Total		398	535	1630	2563				